

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Monday 19 November 2012 at 10.00 am**

Present:

Councillor J Moran (Chair)

Members of the Committee:

Councillors B Arthur, J Cordon, B Graham, P Jopling, R Liddle, A Naylor, J Rowlandson, P Stradling, M Wilkes, M Williams and A Willis

Apologies:

Apologies for absence were received from Councillors J Armstrong, A Barker, C Carr, J Hunter, Andy Turner and Mrs O Brown

A1 Minutes

The Minutes of the meeting held on 24 September 2012 were agreed by the Committee as a correct record and signed by the Chair.

A2 Declarations of Interest

There were no Declarations of Interest.

A3 Items from Co-opted Members or Interested Parties

There were no Items from Co-opted Members or Interested Parties.

A4 Media Relations

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy of slide see file of minutes) namely: the creation of Business Durham, on the agenda; the contribution to the Annual Report of Durham City Homes by their Tenants' Panel; a bid for Lottery funding by Visit County Durham as regards the "Lindisfarne Gospels Durham 2013 and Beyond" project; a Business Improvement District for Durham City Centre; and the apprenticeship scheme at Durham County Council (DCC) giving opportunities for up to 15 young people across a range of Council departments.

Resolved:

That the presentation be noted.

A5 Forecast of Revenue Outturn Quarter 2, 2012/13

The Chair introduced the Finance Manager, Resources, Azhar Rafiq who was in attendance to speak to Members in relation to the Forecast of Revenue Outturn, Quarter 2 2012/13 (for copy see file of minutes).

The Finance Manager noted that as usual, the areas reported upon would be the General Fund Revenue Account, the Housing Revenue Account (HRA) and the Capital Programme for the RED Service. Members noted the service was reporting a cash limit underspend of approximately £700,000 for 2012/13 based on the Quarter 2 forecast outturn, the figure being £100,000 for the Quarter 1 forecast outturn. Members noted the major underspends fell within Housing, Planning and Assets with the detailed explanations as set out within the report, together with those items identified as outside of the cash limit. Councillors noted that the service grouping was on track to maintain spending within the cash limit and the estimated outturn position incorporated the Medium Term Financial Plan (MTFP) savings required for 2012/13.

The Committee noted that the HRA was on track, with the main items of note being overspends on repairs and maintenance in the Durham City area resulting from increased costs per void as a result of higher lettable standards and increased costs as a result of some specific gas boilers that were out of warranty. Members noted underspends being achieved in other areas and also an overall surplus of around £1m that could be utilised to support the capital programme, reducing the reliance on borrowing.

Councillors were reminded of the usual volatility reporting arrangements, noting improvements in the position regarding Planning Fees and concessionary fares. It was added that the position as regards Building Control fees was still not being achieved with income below target and the previously mentioned housing repairs situation where expenditure was exceeding budget.

As regards the Capital Programme, the Finance Manager explained that the budget now stood at approximately £101 Million split between the General Fund (~£55.2 Million) and HRA (~£45.8 Million) with the early indications from project managers being that the outturn spend would be in line with the revised budget. It was stated that the first 6-7 months of the General Fund capital budget usually had a lower profile of spend when compared to the later months of the financial year when things catch up.

The Chair thanked the Finance Manager for his presentation, noted that there would be a report that would include issues regarding the Capital Budget at a meeting of the Committee in January 2013, and asked Members for their questions on the Quarter 2 2012/13 report.

Councillor M Wilkes asked whether the figure as set out in Appendix 3 regarding Durhamgate representing roughly a quarter of the General Fund capital spend was correct; why only £400,000 of funds for industrial estates had been spent, from a figure of £4.7 Million; and why only an amount equating to less than 20% of the budget for General Fund capital schemes appeared to have been spent and whether there were any surplus or uncommitted budgets available.

The Finance Manager explained that the figures quoted in the report were correct and had come directly from the Councils financial management system. All the funds were allocated within the Capital Budget and that there was no "slush-fund". Members were reminded that some schemes operated over a period of several years unlike revenue budgets where spend is consistent from month to month and occurs in a consistent pattern over the course of the year. It was added that for capital schemes, past experience had shown that often the highest spend was within the final quarter of the year.

Councillor M Wilkes noted that he was concerned that if a further report was received in January, this would only leave 3 months until the end of the financial year for Members to be able to comment and also asked if there was a figure as regards the amount carried over from the previous years' capital budget into the 2012/13 budget. The Head of Economic Development and Housing, Sarah Robson explained that the spend profile within the capital budget was such that not every month had an equal spend, reiterating the Finance Manager as regards to the major contracts and schemes to be finalised within the last few months of any financial year. In response to this query, Members agreed that Quarter 3 forecast of Revenue Outturn 2012/13 should include the information on the Capital Programme and that this information would be shared at the earliest opportunity with the Committee, presenting the opportunity for Members to ask questions relating to the Capital Programme for Regeneration and Economic Development (RED).

Councillor M Wilkes raised a concern as regards highways maintenance works that had not been completed, noting that he had been informed that this delay had been an issue with procurement, and queried whether now that winter weather was upon us would works be able to be completed in time or would further deterioration to the surface occur. Councillor B Arthur noted that the severe rainfall and flooding had been cited as a reason for delays in completing some highways works. Councillor P Stradling noted that outside of the cycle of meetings, Members could always speak to the relevant Portfolio Holder and/or Officers as regards any issues in relation to highways maintenance.

Resolved:

That the report be noted.

A6 Business Support and the Role of Business Durham

The Chair introduced the Managing Director, Business Durham, Stewart Watkins who was in attendance to give Members a presentation in relation to Business Support and the role of Business Durham (for copy see file of minutes).

The Managing Director explained that in the past, the region's economy had predominately been based upon coal mining, with a slide showing the number of mines in the period 1950-1994.

Members noted that since the decline of the industry, there had been a need to redress the balance within the area, however the current position showed rises in the number of people in receipt of JobSeekers Allowance (JSA) and the Gross Value Added (GVA) figure for County Durham was only 69% of the national average.

Councillors were reminded that a complaint often levelled was that business support was overly complex and there were far too many providers, and a diagram showing the previous provision was presented to Members. The Committee noted that since that time, there had been enormous changes with many of the organisations and providers no longer being in existence, such as One North East and Business Link and reviews into the provision of business support had recommended a single point of contact.

Members noted that with the combination of County Durham Development Company (CDDC) and the DCC in-house Business Support team in March 2012, Business Durham was formed and the intention was to provide a single place for businesses to go in respect of support, with a clearly defined function and identity.

Councillors noted that many of the CDDC Board Members with experience were retained and a number of private sector Board Members were added to complete the Business Durham Advisory Board. Members noted the private sector Board Members included: Arnab Basu (Kromek); Peter Chapman (EDBS); David Coppock (UKT&I); John Hamilton (Lampas); David Land (Tallent); Brian Manning (Esh Group); and James Ramsbottom (NECC).

The Managing Director explained that the intention was to keep the Business Durham priorities as simple as possible, with only 3 main priorities:

- to retain as many existing companies as possible;
- to grow these companies at every opportunity;
- to attract additional businesses.

Members learned that there was a lot of competition in respect of the retention of business in the area, not only externally with the likes of Eastern Europe and China, but also “intra-company” competition too. It was added that in respect of growing companies, there was a need to attract internationally; encourage local procurement; support skills/training; ensure the Council was “business friendly” and supported renewable energy/low carbon economy.

In order to deliver against the priorities, a number of objectives were established:

- encourage a more entrepreneurial culture;
- encourage the growth and development of small and medium sized businesses (SMEs);
- support larger companies;
- attract capital and inward investment to the County;
- encourage and support the development of innovative, technology based SMEs;
- maximise the benefit of the County Council’s stock of business property.

The Committee were reminded of activities that had taken place such as the NASA Astronauts in 2010, Brainwave in 2012 and the ongoing Future Business Magnates scheme in order to promote business with young people. Councillors noted the involvement of many SMEs including GT Group at Peterlee and Newton Aycliffe; Romag, specialising in glass/photovoltaics and EBac, recipients of a Regional Growth Fund (RGF) grant.

The Managing Director added that larger companies were engaged with including TRW, NSK and Husqvarna to name a few, and reminded Members of the inward investment that would be attracted from the Hitachi train deal, 730 jobs within their factory, around 700 jobs in the supply chain.

In looking to the future, the Managing Director explained that it would be necessary to continue to innovate and move forward with technology with areas such as NETPark with the Discovery Centres; National Printable Electronics Centre; NETPark Research Institute and NETPark Incubator alongside Kromek, a business spin off from Durham University. Members were informed that there was a Masterplan for NETPark and that the site in total was 250 acres, one of the largest scientific parks in the country and evidence of County Durham being “ahead of the pack”.

The Managing Director explained that within County Durham, there were a number of strategic sites across the region, and noted several business unit areas within the County, including Low Willington Industrial Estate; Consett Business Centre; Durham Dales Centre; Shildon Business Centre; and Tanfield Lea Business Centre. Members noted that there was a need to ensure the branding of Business Durham was recognisable and to this end, the Business Durham website had been designed reiterating the new logo and offering information and links to relevant partners that Business Durham works with.

The Committee noted that the key issues were to:

- Continue to deliver against the six objectives;
- Improve engagement with businesses;
- Encourage a business friendly Council;
- Increasing business opportunities through areas including:
 - International trade
 - Exporting
 - Corporate Procurement
 - Supply Chain delivery and inter-trading
- Addressing start-up and enterprise support post-2013.

The Chair thanked the Managing Director for his presentation and asked Members for their questions.

Councillor M Wilkes noted that as most employers were SMEs with less than 10 employees, and whilst there was a lot of positive information within the presentation as regards larger and medium sized companies, he felt that there was a need to ensure that these smaller companies were offered support. Councillor M Wilkes added that upon trying to access business support from the DCC website, it had proven difficult and perhaps a clearer link to the Business Durham website was needed on the Council site. The Managing Director noted that IT and Corporate Communications were currently working on this issue and that it was planned that access via the DCC website would be available before Christmas 2012.

Councillor J Cordon asked whether there was scope to help small businesses in respect of the high overheads faced by them on the high street, lack of car parking facilities and so on.

The Managing Director noted that the issue of car parking could be dealt with in the next agenda item looking at Masterplans, and that the issue of business rates was being looked at currently, within legislation.

Councillor B Arthur noted with some concern as regards the problems with Cumbrian Seafoods and the loss of jobs from such a relatively large company. The Managing Director explained that as one of the top 100/150 companies they were contacted as regards support. It was added that while Youngs had bought the company, they had made a business decision to retain production in their main facility at Grimsby.

Councillor M Wilkes noted a recent press release had explained that a café in Chester-le-Street had received financial support and asked whether providing such sums to individual businesses was sensible or whether a more strategic approach would be better.

Councillor P Jopling noted concerns as regards Bishop Auckland, with the proliferation of “out of town” development and the high rent charged by landlords within the town centre. The Managing Director noted that the next agenda item on Masterplans may provide information as regards these issues.

Resolved:

That the report and presentation be noted.

A7 Masterplans for County Durham

The Chair introduced the Regeneration Projects Manager, Chris Myers and the Community Economic Development Manager, Wendy Benson who were in attendance to give Members a presentation in relation to Masterplans for County Durham (for copy see file of minutes).

The Regeneration Projects Manager explained that the strategic context for the Masterplans was to focus and coordinate regeneration activities; input into the delivery of the Local Plan and Infrastructure Delivery Plan; engage with partners, Area Action Partnerships (AAPs), stakeholders and the community; taking forward proposals with investors, developers and landowners; and raising the profile of town centres. Members noted that Development was based upon available evidence and took account of corporate documents such as the Regeneration Statement. It was explained that while there was a focus on the RED Capital Programme but the activities of other public and private sector partners were taken into consideration.

Members were informed that there would be 12 Masterplans prepared for: Consett; Stanley; Chester-le-Street; Seaham; Peterlee; Durham; Spennymoor; Newton Aycliffe; Bishop Auckland; Crook; Shildon; and Barnard Castle. Masterplans have already been prepared for Consett, Stanley, Chester-le-Street, Seaham, Bishop Auckland, Crook and Barnard Castle. The documents for Peterlee, Spennymoor, Newton Aycliffe and Shildon will be prepared for the Spring of 2013 and Durham City for September 2013 (to align with the Local Plan preparation).

The Committee noted the example of the Witham Hall/DCC Library project in Barnard Castle, which will restore listed buildings, provide new business space, and a new DCC Customer Access Point, Library and office accommodation. Funding has been obtained from the Heritage Lottery Fund (HLF), European Regional Development Fund (ERDF) and DCC.

Councillors noted construction began in July 2012, with the project to be completed June 2013. The Community Economic Development Manager noted the opening of the library and Customer Access Point (CAP) at Crook, releasing their original site for future development.

The Regeneration Projects Manager reminded Members of the work undertaken at the North Dock area of Seaham, the investment of around £5 Million from HLF and DCC the creation of 11 units at the site, 77 pontoons which were now starting to become occupied, a restored lifeboat house and the North Dock to be fully open to the public in Spring 2013, with links between the marina and the town centre. The Community Economic Development Manager explained that issues to be addressed at Consett included: linking the Hermiston Retail Park with the town centre; car parking; the bus station; and the future of the market.

Members were informed of the issues highlighted for Chester-le-Street, with the existing civic centre site to be redeveloped and the desire to have greater use and frequency of services at the railway station. The Regeneration Projects Manager noted that Bishop Auckland had seen works to properties in the Market Place and Fore Bondgate under the Targeted Business Improvement Scheme.

The Chair thanked the Officers for their presentation and asked Members for their questions.

Councillor J Cordon noted the plans as regards Chester-le-Street Civic Centre and regeneration of the town centre in general and commented that if further housing development were to take place there was a need to ensure that there was enough shops and amenities, such as car parking to support those additional people moving into the area.

Councillor M Wilkes commented that with the large number of “out of town” supermarkets and the “pedestrianisation” of town centres, should there not be a levy on supermarkets as regards helping with regeneration of the rest of the County, and if this was not possible perhaps Government being approached as regards making it possible for the future. Councillor M Wilkes also noted that when DCC provided money to help provide improvements to shop fronts, could this not be done in such a way that the money was via a loan, with the money returning to DCC such that the money could be recycled in the future. The Head of Economic Development and Housing noted that the funding provided to shop owners as described were part of a package of measures and support, not just for improvements to shop fronts, including help with securing additional employment, helping them access the online market, developing customers service skills to improve the business and that the businesses themselves were also making significant investment themselves, however, noting the point made there was a shift from the provision of grants to the provision of loans.

Councillor B Graham noted that it was good to hear that the Masterplan for Spennymoor was being prepared and would forward to seeing it in due course and that the AAP had helped to provide improvements to shop fronts, however, the issue of the threat of “out of town” provision on the town centre high street was a pressure, as was the additional housing that would come through in the near future and this would necessitate a strong town centre to support this. The Community Economic Development Manager explained that car parking was an important issue as regards supporting town centres and that DCC worked in partnership with private car park owners in addition.

Councillor A Naylor noted that some towns have in place free parking for 1 or 2 hours, for example Thirsk and this could be an idea to help attract shoppers.

Councillor M Wilkes noted that there was a large amount of money to be generated from car parking charges and added that Government were trialling schemes for Local Authorities to keep their business rates and therefore perhaps offer free parking schemes in some town centres as a pilot, in conjunction with reduced business rates by the Local Authority could help get some business units back into use. Councillor J Cordon added that such a pilot scheme within County Durham offering reduced business rates would be an incentive for businesses to occupy vacant town centre units.

Councillor P Jopling noted that some shops operate schemes where they offer money back for parking upon a sale, encouraging people to come and spend their money in the town. Officers noted that there was a need to look at potential incentives and schemes in town centres in 2013.

Councillor M Wilkes commented that there was a need for Members to receive a Committee report in relation to Government policy on the retention of business rates. The Finance Manager responded that Government policy in relation to the retention of business rates has not yet been clarified however latest information would suggest it is 50% of the total business rates collected by the Authority.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the development of the Masterplans at a future meeting.

A8 Stock Options Appraisal Update

The Chair introduced the Stock Option Appraisal Project Manager, Marie Roe who was in attendance to give Members an update on the Housing Stock Options Appraisal (SOA) Project.

The SOA Project Manager referred Members to the update report within the agenda papers and that, since the last update to the Committee in July, further consultation had been conducted with Tenants; staff from DCC; the two Arms-Length Management Organisations (ALMOs), Dale and Valley Homes (DVH) and East Durham Homes (EDH), together with the in-house provider Durham City Homes (DCH); those organisations' Board Members; Elected Members; and other local partners.

Members were asked to recall the Communication and Consultation Strategy and the Tenant Empowerment Statement, with a consequence being the appointment of the Independent Tenant Adviser to offer impartial advice. The Committee were reminded of the various seminars and events held with Tenants' and Residents' Associations and that the vision with 8 objectives had been agreed and prioritised and that this had shaped the SOA process.

The SOA Project Manager explained that the key issues raised through the consultation process had included:

- The continued delivery and maintenance of improvement programmes and more investment in the improvement and diversification of services, concerns in relation to Welfare Reform
- Preservation of trusted brands, a strong sense of local identity with DVH, DCH and EDH
- The Council needs to consider the implications for the whole of the housing stock when identifying the option
- A desire for the quality of neighbourhoods and local services to match that of the housing provision

The SOA Project Manager noted that all stakeholders consulted had commented that a "whole stock" option was preferable as long as it was fair and equitable for all. It was added that stakeholders concerns about the implications of transfer to an existing Registered Providers varied from a loss of employment security and the removal of local accountability structures to the redirection of much needed investment from County Durham to other areas of the Country.

Members were reminded that the SOA Project was not just about "basic" housing need; it encompassed regeneration issues, implications of Welfare Reform and was an opportunity to decide upon how County Durham would be in the future. Councillors noted that the work undertaken had been inclusive and conducted such that the decision making was made transparent and open. The SOA Project Manager added that the final report regarding the SOA Project would be going to the meeting of Cabinet on 12 December 2012 and that she would return to a meeting of the Committee early in the new year to update Members on the process going forward from there, with information on project plans for implementation and so on.

Councillor M Wilkes asked whether there was over-repetition of updates relating to the SOA project, with many seminars and reporting back of issues to other Scrutiny Committees. The SOA Project Manager noted that this Committee was the only Committee that was reported back to in terms of the SOA Project and that the other seminars and events were either as part of the consultation exercise or to keep all Elected Members up-to-date. Councillor M Wilkes noted that the "Human Rights" section of Appendix 1 setting out implications said none and added that perhaps this should have a comment as regards issues such as Anti-Social Behaviour.

The SOA Project Manager noted that in relation to the SOA report going to Cabinet, the implications appendix would be looked at, with advice being sought from the Head of Legal and Democratic Services.

Resolved:

- (i) That the update report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update report at a future meeting of the Committee.

A9 Minutes of the meeting of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 30 July 2012 were received by the Committee for information.